

ANALYSIS OF AMENDED BILL

Author: Torlakson Analyst: Kristina North Bill Number: AB 1697
Related Bills: None Telephone: 845-6978 Amended Date: 04/01/98
Attorney: Doug Bramhall Sponsor: _____

SUBJECT: Housing Trust Fund

DEPARTMENT AMENDMENTS ACCEPTED. Amendments reflect suggestions of previous analysis of bill as introduced/amended _____.

☒ AMENDMENTS IMPACT REVENUE. A revenue estimate is provided.

AMENDMENTS DID NOT RESOLVE THE DEPARTMENT'S CONCERNS stated in the previous analysis of bill as introduced/amended _____.

FURTHER AMENDMENTS NECESSARY.

DEPARTMENT POSITION CHANGED TO _____.

REMAINDER OF PREVIOUS ANALYSIS OF BILL AS INTRODUCED/AMENDED _____ STILL APPLIES.

☒ OTHER - See comments below.

SUMMARY OF BILL

Under the Health and Safety Code, this bill would enact the California Affordable Housing Fund Act of 1998, which creates the California Housing Trust Fund.

Under the Administration of Franchise and Income Tax Law (AFITL), this bill would provide that 2% of the moneys in the Bank and Corporation Tax Fund would be appropriated for deposit into the California Housing Trust Fund.

This analysis discusses only those provisions that impact the Franchise Tax Board (FTB).

SUMMARY OF AMENDMENT

The April 1, 1998, amendment added the provision that 2% of moneys in the Bank and Corporation Tax Fund would be deposited into the California Housing Trust Fund.

EFFECTIVE DATE

This bill would be effective January 1, 1999.

DEPARTMENTS THAT MAY BE AFFECTED:

___ STATE MANDATE

___ GOVERNOR'S APPOINTMENT

Board Position:

___ S ___ O
___ SA ___ OUA
___ N ___ NP
___ NA ___ NAR
___ X ___ PENDING

Agency Secretary Position:

___ S ___ O
___ SA ___ OUA
___ N ___ NP
___ NA ___ NAR
DEFER TO _____

GOVERNOR'S OFFICE USE

Position Approved ___
Position Disapproved ___
Position Noted ___

Department/Legislative Director Date
Gerald H. Goldberg 4/7/98

Agency Secretary Date

By: Date:

SPECIFIC FINDINGS

Current state law provides that, except for fees for verifying a corporation's good standing status for doing business in California, all moneys and remittances imposed under the Bank and Corporation Tax Law (B&CTL), and related penalties, additions to tax, fees, and interest imposed under the AFITL and received by the Franchise Tax Board, be deposited into the Bank and Corporation Tax Fund. Upon order of the Controller, the moneys in the fund may be drawn upon to make refunds or be transferred to the General Fund. Fees for verifying corporate status are treated as reimbursements for FTB's costs and are deposited into the General Fund.

This bill would require that 2% of the moneys deposited in the Bank and Corporation Tax Fund be appropriated for deposit into the California Housing Trust Fund established by this bill. The 2% would apply to the gross amount of money deposited into the Bank and Corporation Tax Fund rather than the net amount of money available after refunds are made to corporate taxpayers.

Policy Considerations

This bill would set a precedent for earmarking moneys from the Bank and Corporation Tax Fund for non-tax purposes.

Implementation Considerations

The FTB would not be responsible for the implementation of this bill, since the transfer would be handled by the Controller's Office.

FISCAL IMPACT

Departmental Costs

This bill would not impact the department's costs.

Tax Revenue Estimate

The estimated annual amounts of B&CTL revenue that would be transferred to the Housing Trust Fund:

Funds Transferred to the Housing Trust Fund Shown as Losses to the General Fund Effective for B&CT Receipts Beginning on and After 1/1/99 \$ Millions			
1998/99	1999/00	2000/01	2001/02
(\$56)	(\$125)	(\$131)	(\$137)

This analysis does not taken into account any change in employment, personal income, or gross state product that may result from this bill becoming law.

Tax Revenue Discussion

The impact of this bill is estimated from projections provided by the Department of Finance.

BOARD POSITION

Pending.